Minutes of the New Jersey Health Care Facilities Financing Authority Meeting held on April 25, 2019 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

*The following **Authority Members** were in attendance:*

Dr. Munr Kazmir, Vice Chair (Chairing); Robin Ford, Designee of the Commissioner of Health; Mary Ann Kralik, Designee of the Commissioner of Banking and Insurance; and, via telephone, Greg Lovell, Designee of the Commissioner of Human Services and Suzette Rodriguez, Public Member

*The following **Authority staff members** were in attendance:*

Mark Hopkins, Frank Troy, Carole Conover, Bill McLaughlin, Alpa Patel, Edwin Fuentes, Taryn Rommell, Ellen Lieber, Jessica Lucas, Taryn Brzdek, Nino McDonald, Michael Solidum and Chris Kniesler

*The following **representatives from the State and/or the public** were in attendance:*
George Loeser, Attorney General's Office and Lauren LaRusso, Governor's Authorities Unit (arrived at 10:11 a.m.), John Kelly, Wilentz, Goldman & Spitzer, LLC; Richard Keenan, CFO, Valley Health System Inc.; Alan Oberman, Chief Executive Officer and John Pallies, Chief Financial Officer, John Brooks Recovery Center; Bill Mayer, DeCotiis, Fitzpatrick & Gluck & Cole, LLP; Rick Hand, Hackensack Meridian Health; Chuck Stafford, Ponder & Co.; Joan Marron and David Gillin, Morgan Stanley

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:08 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 24, 2018 and August 23, 2018 Authority meetings. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to *The Star-Ledger* and the *Courier Post* and to all newspapers with mailboxes at the Statehouse, enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES
March 28, 2019 Authority Meeting

Minutes for the Authority's March 28, 2019 regular meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Ford made the motion. Ms. Kralik seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the minutes were approved.

2. NEGOTIATED SALE REQUEST AND APPOINTMENT OF CO-MANAGERS
Valley Health System, Inc.

Dr. Kazmir called on Edwin Fuentes to present Valley Health System, Inc.'s request for a negotiated sale in the form of a public offering to the Members.

Mr. Fuentes began by introducing Richard Keenan, CFO from Valley Health System, Inc.

Mr. Fuentes informed the Members that Valley Hospital, Inc., a subordinate corporation of Valley Health System, Inc., is a 431 bed, not-for-profit acute care hospital located in Ridgewood NJ. It serves more than 440,000 people in 32 towns in Bergen County and adjoining communities. It has over 1,100 physicians, 3,700 employees, and 3,000 volunteers. Valley Health System prides itself on its medical and technical excellence in the field of cardiology services, including a full range of diagnostic and interventional cardiac services, including cardiac surgery, coronary angioplasty, electrophysiology studies and structural heart procedures. It also has a neonatal intensive care unit, an embryology laboratory, a comprehensive breast center, and a pediatric special care unit.

Mr. Fuentes reported that Valley Health System has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing of approximately $400 million. The proceeds of issuance will be used to: fund the construction of a 372 bed, approximately 910,000 square foot replacement hospital to be located in Paramus, NJ; fund a Debt Service Reserve, if necessary; fund capitalized interest, if necessary; and pay the related costs of issuance.

Mr. Fuentes also noted that Valley Health System has no outstanding debt through this Authority. Valley Health System will be seeking a rating on the bonds.

According to Mr. Fuentes, Valley Health System has asked that the Authority permit the use of a negotiated sale based on the sale of a complex or poor credit and large issue size. These reasons are considered under the Authority's policy regarding Executive Order #26 to be a justification for the use of a negotiated sale.

In addition, Valley Health System has requested and received the approval of the Attorney General's office to have John Kelly from Wilentz, Goldman and Spitzer serve as bond counsel on the financing. Contingent upon your approval to pursue a negotiated sale, it is anticipated that the Authority staff will be requesting the Members' approval of a contingent bond sale in the 3rd quarter of 2019, once Valley Health System has received all their necessary state and local permits and approvals. Valley Health System plans to close this transaction before the end of 2019.

Mr. Fuentes conclude by saying the he or Mr. Keenan would answer questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to approve the use of a negotiated sale in the form of public offering for Valley Health System, Inc. Mr. Lovell made the motion. Ms. Kralik seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-51

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled **"RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26."**

(attached)

Dr. Kazmir asked Bill McLaughlin to provide the Authority staff's recommendation for co-managers for the Valley Health System transaction.

Mr. McLaughlin told the Members that, in accordance with Authority policy, the Valley Health System has notified the Authority that they have completed a competitive process and selected Morgan Stanley to serve as their senior managing underwriter.

Mr. Laughlin reminded the Members that, under current policy, co-managing underwriter assignments are awarded on a rotational basis that will consider the firms demonstrated ability to distribute New Jersey securities of comparable credit quality, capital sufficiency and borrower preference.

Mr. McLaughlin said that, given the expected $400 million par amount for this public series, the Authority staff is recommending the assignment of four co-managers. The Authority staff supports the Borrower's recommended appointment of Siebert Cisneros Shank & Co. and Citi Global Markets as co-managing underwriters and proposes adding the NW Financial Group and Oppenheimer & Co. to the transaction as co-managing underwriters.

According to Mr. McLaughlin, each firm has been qualified by this Authority to serve in the role of co-managing underwriter, has demonstrated the ability to distribute New Jersey securities and has sufficient capital to participate in the transaction.

Mr. McLaughlin concluded by offering to answer questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to approve the appointment of Citi Global Markets, NW Financial Group, Oppenheimer & Co. and Siebert Cisneros Shank & Co. to the transaction as co-managing underwriters for the Valley Health Systems transaction. Ms. Ford made the motion. Ms. Kralik seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-52

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the appointment of Citi Global Markets, NW Financial Group, Oppenheimer & Co. and Siebert Cisneros Shank & Co. to the transaction as Co-managing underwriters.

3. **CAPITAL ASSET PROGRAM LOAN APPROVALS**
    a. **John Brooks Recovery Center**
    b. **Hackensack Meridian Health**

a. **John Brooks Recovery Center**

Dr. Kazmir called upon Jessica Lucas to present the request for a Capital Asset Program Loan by John Brooks Recovery Center as well the Debt Service Deficiency Agreement.

Ms. Lucas began by introducing Alan Oberman, Chief Executive Officer and John Pallies, Chief Financial Officer from John Brooks Recovery Center.

Ms. Lucas informed the Members that they are being asked to consider the approval of a Capital Asset Program Loan, in an aggregate principal amount not to exceed $11,800,000 for John Brooks Recovery Center. Ms. Lucas reminded the Members that this loan was previously approved in March 2018. Due to unforeseen circumstances with the former contractor on the project, the loan was not closed. As it has been over one (1) year since the initial approval, the Members must reconsideration the request.

According to Ms. Lucas, the proceeds of the loan will be used by John Brooks to partially finance the construction of a new 55,000 square foot in-patient abuse rehabilitation facility located in Mays Landing, New Jersey. John Brooks Recovery Center is a nonprofit agency that provides substance abuse services with facilities located in Pleasantville and Atlantic City, New Jersey. Their mission is to provide quality, scientifically based, individualized substance abuse treatment services to New Jersey residents for the prevention, reduction and elimination of the harm caused by substance abuse.

Ms. Lucas informed the Members that, TD Bank, National Association, the credit provider for the Capital Asset Program, preformed an independent credit analysis and approved the loan subject to: John Brooks providing a First Mortgage Lien on the property and improvements; UCCs on all assets; and a Debt Service Deficiency

Agreement structured between the Authority and the Trustee in the amount of $2,000,000 at the onset of the loan, to be secured by a Second Mortgage on the property.

Ms. Lucas stated that, the Authority, for the first time, is agreeing to provide additional security for a Capital Asset Program loan by depositing $2,000,000 of its fund balance into a Debt Service Deficiency Fund held by the Trustee. The Debt Service Deficiency Agreement is structured so that if, the Borrower fails to make principal and interest installments within a defined timeframe, the Trustee will withdraw the unpaid amount from this separate fund. It is important to note the Debt Service Deficiency Agreement amount will be reduced in annual installments of $150,000 one (1) year after the conclusion of the 18-month interest-only period or 30 months. The amount on deposit in the fund will be reduced to $0 upon the Borrower maintaining a minimum Debt Service Coverage Ratio of 1.5 times for three consecutive annual test dates commencing after the foregoing reduction. Any balance remaining in the Debt Service Deficiency Fund upon the satisfaction of the Note shall be transferred to the Authority as directed by an Authorized Officer of the Authority. Investment earnings of the Debt Service Deficiency Fund shall be invested and reinvested in Investment Securities at the direction of an Authorized Officer of the Authority. All interest, income and profits received in respect to those securities shall be transferred to the Authority on the last business day of each quarter or as otherwise directed by an Authorized Officer of the Authority.

Ms. Lucas said that the Authority staff received an application from John Brooks, along with historical audited and interim financial information. As a matter of due diligence, the Authority staff reviewed the application for completeness and compared information in the application to audited financial statements.

Ms. Lucas then turned the meeting over to Frank Troy, Director of Research, Investor Relations, and Compliance for a summary of the financial analysis completed. Following Mr. Troy's presentation, Ms. Lucas said that she, Bill Mayer, Bond Counsel, Alan Oberman, or John Pallies would be happy to answer any questions the Members may have.

Mr. Troy began by explaining to the Members that, with respect to Capital Asset Program loans, financial analysis of the borrower is typically conducted by the Capital Asset Program's letter of credit provider, currently TD Bank. In the case of John Brooks Recovery Center ("John Brooks"), however, the Authority is providing support in the form of a $2 million Debt Service Deficiency Fund to be deposited with TD Bank. As such, the Authority staff has included actual and forecasted financial information in the Members' board packets for their review and comment.

Mr. Troy directed the Members attention to page 1 of the audited Statements of Financial Position (or Balance Sheets) for the fiscal years ended June 30, 2017 and 2018. He noted that the auditors issued unqualified or clean opinions for both years. The auditors also did not identify any material weaknesses in internal control and noted compliance with the requirements of John Brooks' federal and state grant programs. Mr. Troy told the Members that copies of the audit report were available for their review. He also noted that page 1 also included John Brook's unaudited balances as of February 28, 2019, including cash in excess of TD Bank's equity requirement and minimum liquidity balance.

Mr. Troy then directed the Members to page 2, for the audited 2017 and 2018 Statements of Operations as well as unaudited results for the eight (8) months ending February 28, 2019. In addition, John Brooks' fiscal 2019 Operating Budget and their staff's projected 2019 results based on year-to-date February were included.

On page 3, Mr. Troy said that the Members could see John Brooks' revenue and expense projections were presented just as they were prepared for TD Bank. Mr. Troy commented that John Brooks was conservative in holding grant revenue constant throughout the forecast period and holding program service revenue constant upon project stabilization.

According to Mr. Troy, the Authority staff's financial analysis suggests John Brooks would have adequate profitability to generate sufficient funds to meet its debt service obligations with projected debt service coverage ratios during the forecast period in excess of the bank's requirement. Additionally, the Authority staff performed sensitivity analyses using an inflation rate of 2.5% and interest rates on the proposed CAP loan as high as 6% again suggesting John Brooks would meet the bank's requirements.

Mr. Troy then said that he, Ms. Lucas or the John Brooks officials would answer any questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to approve the resolution authorizing the Capital Asset Program Loan and Debt Service Deficiency Agreement for John Brooks Recovery Center. Ms. Kralik made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-53

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "**RESOLUTION APPROVING CAPITAL ASSET LOAN TO JOHN BROOKS RECOVERY CENTER AND APPROVING A LOAN AGREEMENT AND A DEBT SERVICE DEFICIENCY AGREEMENT BY THE AUTHORITY.**"

(attached)

Mr. Oberman, CEO of John Brooks Recovery Center thanked the Authority Members and staff for all of their work and patience during the process. He referenced the opioid crisis in New Jersey and the nation and the need for more recovery facilities. He added that he envisions John Brooks as a facility where he would bring a family member.

b. **Hackensack Meridian Health**

Dr. Kazmir then asked Ms. Lucas to present Hackensack Meridian Health's request for a Capital Asset Program loan.

Ms. Lucas began by introducing Rick Hand from Hackensack Meridian Health.

Ms. Lucas informed the Members that they were being asked to consider a Capital Asset Program loan application from Hackensack Meridian Health. The loan is in an amount not to exceed $27,000,000 and will be used to reimburse the Borrower for prior equipment purchases.

Ms. Lucas reported that the Authority received the application from the Borrower along with historical audited and interim financial information. As a matter of due diligence, the Authority staff reviewed the application for completeness and compared information in the application to audited financial statements. Staff has also calculated various financial ratios designed to measure the Borrower's liquidity, profitability and debt structure.

According to Ms. Lucas, TD Bank, National Association, the credit provider for the Capital Asset Program Series 1985 A and B, preformed an independent credit analysis and approved the loan. The loan will be secured by payments made by the members of the Obligated Group under the Loan Agreement, as evidenced and secured by a Note issued pursuant to the provisions of a Master Trust Indenture and Supplemental Indentures.

Ms. Lucas stated that pertinent financial information about the Borrower was provided to Members in their mailing material.

Ms. Lucas concluded by saying that she, John Kelly, Bond Counsel or Rick Hand would answer any questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to approve the Capital Asset Program loan for Hackensack Meridian Health. Ms. Ford made the motion. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-54

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "A **RESOLUTION APPROVING CAPITAL ASSET LOAN TO HACKENSACK MERIDIAN HEALTH."**

(attached)

4. ADDITION TO QUALIFIED BANKERS LIST
Bank of America Securities

Dr. Kazmir asked Bill McLaughlin to present to the Members Bank of America Securities' request to be added to the Authority's Qualified Bankers list.

Mr. McLaughlin began by informing the Members that Bank of America Securities has submitted a request to be added to the Authority's list of Qualified Bankers in the following capacities: Senior Manager, Co-Manager, Placement Agent, Remarketing Agent and Financial Advisor.

According to Mr. McLaughlin, Bank of America Securities has completed the Authority's Request for Qualifications. Furthermore, on or about May 13, 2019 the firm will become a newly formed affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Both firms are wholly owned by Bank of America Corporation. As a startup, Bank of America Securities has no institutional history. It will, however, absorb all of the public finance and capital markets activities of Municipal Banking and Markets of Merrill Lynch, Pierce, Fenner & Smith, including the staff, systems, capital, contractual responsibilities, trading limits and positions, and risk limits.

Mr. McLaughlin reported that the firm raised two (2) billion dollars of capital in January 2019 and expects to raise another eight billion of capital by May 13, 2019. It is expected that this amount, net of required reserves, will be available for underwriting. The Authority's primary contacts with Bank of America Securities will be Phil Delvecchio, Managing Director and Gerald Knorr, Managing Director and Co-Head of Not-For-Profit Healthcare Group, in New York office.

Mr. McLaughlin assured the Members that, from the information provided, Bank of America Securities has demonstrated that it is qualified under the Authority's standards to serve in each role requested.

Mr. McLaughlin concluded by stating that the Authority staff recommends that the Members approve adding Bank of America Securities to the Authority's Qualified Bankers list as Senior Manager, Co-Manager, Placement Agent, Remarketing Agent and Financial Advisor. He then offered to answer questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to add Bank of America Securities to the Authority's Qualified Bankers list in all categories. Ms. Kralik made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-55

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby approves the appointment of Bank of America Securities to the Authority's Qualified Bankers List as a Senior Manager, Co-Manager, Placement Agent, Remarketing Agent and Financial Advisor.

5. CHANGE OF REMARKETING AGENT
Christian Health Care Center 1997 Series B Bonds

Dr. Kazmir called upon Edwin Fuentes to explain Christian Health Care Center's request for a remarketing agent change to the Members.

Mr. Fuentes told the Members that the Authority staff received a letter from Kevin Stagg, CFO of Christian Health Care Center ("Christian Health"), seeking to change the Remarketing Agent for the Christian Health Care Center Issue, Series 1997B. The Series 1997B transaction is a public series of variable rate bonds, with Valley National Bank as the Letter of Credit Provider. Currently, the Remarketing Agent on the transaction is Merrill Lynch, Pierce, Fenner & Smith Inc. ("Merrill Lynch").

According to Mr. Fuentes, on or about May 13, 2019, Merrill Lynch will transfer their broker dealer services, including remarketing and underwriting, over to a newly formed affiliate to be named Bank of America Securities, Inc. Merrill Lynch will transfer their broker dealer services, including remarketing and underwriting, over to a newly formed affiliate to be named Bank of America Securities, Inc. Both Bank of America Securities and Merrill Lynch will be wholly owned by Bank of America Corporation. Christian Health, per their letter, requests that the Remarketing Agent be changed from Merrill Lynch to Bank of America Securities.

Mr. Fuentes stated that the Authority staff, in conjunction with the Attorney General's office, has determined that an Authorizing Resolution is needed in order to effectuate the change of Remarketing Agents. Included with the Authorizing Resolution is the required form of consent from Valley National Bank as the Letter of Credit provider. Staff has received the executed consent letter from Valley National Bank. Included in the Members' meeting packet, with the Resolution, is a representation from Bank of America Securities that the firm meets all the requirements set forth in Section 8 of the Remarketing Agreement. The Series Resolution for the Bonds requires that the Authority send out a thirty (30) day notice of the proposed change to the original Remarketing Agent, the successor Remarketing Agent, the Borrower, the Trustee, and the Letter of Credit Provider. On April 12, 2019, NJHCFFA provided the aforementioned notice.

Mr. Fuentes informed the Members that the resolution "Authorizing the Replacement of the Remarketing Agent for the Revenue and Refunding Bonds, Christian Health Care Center Issue, Series 1997B and Authorizing the Executive Director of the Authority to

Take Necessary Actions in Connection Therewith" has been prepared by the Attorney General's office in conjunction with the Authority staff.

Mr. Fuentes said that the Authority staff recommends approval of the resolution that effectuates the change of remarketing agent from Merrill Lynch to Bank of America Securities for the Christian Health 1997B transaction.

Mr. Fuentes then offered to answer the Members' questions. There were no questions.

Dr. Kazmir asked for a motion to replace the remarketing agent for the revenue and refunding bonds, Christian Health Care Center issue, Series 1997B. Ms. Ford made the motion. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-56

> **NOW, THEREFORE, BE IT RESOLVED,** that the Authority hereby adopts the resolution entitled "**RESOLUTION AUTHORIZING THE REPLACEMENT OF THE REMARKETING AGENT FOR THE REVENUE AND REFUNDING BONDS, CHRISTIAN HEALTH CARE CENTER ISSUE, SERIES 1997B AND AUTHORIZING THE EXECUTIVE DIRECTOR OF THE AUTHORITY TO TAKE NECESSARY ACTIONS IN CONNNECTION THEREWITH.**"

6. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Ford made the motion to approve the expenses. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved to approve the bills and to authorize their payment.

AB RESOLUTION NO. SS-57

> **WHEREAS,** the Members of the Authority have reviewed the memoranda dated April 17, 2019 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $17,000.00 and $817.35 respectively, and have found such expenses to be appropriate;
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> **NOW, THEREFORE, BE IT RESOLVED,** that the Members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

7. STAFF REPORTS

Dr. Kazmir thanked staff for the Project Development Summary, Cash Reconciliation Report and Legislative Update.

Dr. Kazmir asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins reported the following:

1. Mr. Hopkins reminded Authority Members and Senior Staff that they are required to file Financial Disclosure Statements with the State Ethics Commission by no later than May 15, 2019. Filings must be made electronically through the State Ethics Commission website. Late filers will be subject to a fine of up to $50 per day. Authority Members are required to file the somewhat less onerous disclosure for Public Officers (not Public Employees). If you have any questions about the process please do not hesitate to call Robin Piotrowski, the Authority's Ethics Liaison Officer or himself.

2. The current year's slate of officers and meeting dates for the Authority were provided to the Members. The new officers and meeting dates will be voted upon and the May 23 meeting.

3. The Authority Staff has scheduled the roundtable between hospitals and analysts from the largest holders of Authority bonds for Tuesday, June 4 (location to be determined.) So, far 13 health care systems, representing 31 hospitals (or over 50% of the State's 60 nonprofit hospitals), have confirmed they are attending. Analysts from eight of the 20 largest holders of hospital bonds, representing over 21% of the Authority's outstanding bonds, have confirmed they are attending.

4. Hospital & Other News

   a. Authority Chair and Department of Health Commissioner Elnahal is reportedly one of the finalists for the position of president and CEO of University Hospital. The Chief Administrative Officer of RWJBarnabas Health, Milton Anderson, is also reportedly a finalist.

   b. Becker's Healthcare released it 2019 edition of "100 Great Hospitals in America" including, alphabetically, Hackensack University Medical Center, Morristown Medical Center and Robert Wood Johnson University Hospital.

   c. The public hearings required by the Community Health Care Assets Protection Act ("CHAPA") were held April 10 in Camden and Willingboro for the proposed acquisition of Our Lady of Lourdes Medical Center and Lourdes Medical Center of Burlington County by Virtua Health. Virtua plans to keep both hospitals open but in its CHAPA application indicated that it may seek to repurpose Lourdes Medical Center of Burlington County to a behavioral health facility and satellite emergency department once Virtua's proposed new hospital in Westhampton is built and fully operational, which is expected to be 2023 at the earliest. Additionally, litigation has been brought by Deborah Heart and Lung Center who leases space to Lourdes to operate a satellite emergency department at Deborah's facility in Browns Mills. Deborah alleges that Lourdes proposed transfer of the right to operate the satellite emergency department, under its agreement with Virtua, is in breach of the contract between Lourdes and Deborah. Instead, Deborah would like to select another operator of its choosing to operate the satellite emergency department. Deborah's suit also alleges that its agreement with Lourdes prohibits Lourdes from partnering with another health care provider offering cardiac surgery in Burlington County.

   d. University Hospital needs a $10 million grant from the State to improve its over-utilized emergency department according to members of the Assembly Budget Committee at budget hearings for the Department of Health. University Hospital made the request for a $10 million grant to the Murphy administration earlier this year. According to the acting CEO of University Hospital, Judith Persichelli, the emergency room serves about 7,500 patients a month and wait times are about six hours, an improvement over the previous 10 hours, but still unacceptably long.

   e. According to a study in the Journal of Emergency Medical Services, Valley Health System's mobile integrated healthcare/community paramedicine program was shown to reduce readmissions of patients with heart failure within 30 days of hospitalization. The program provides a team of EMTs, paramedics and nurses to patients in their homes within 2 business days after discharge from the hospital after treatment of certain chronic diseases, like heart failure. The visits are paid for entirely by the hospital and are thus free to the patients and insurers. The team making the home visit assesses the patient and communicates with a doctor or nurse practitioner while there. Upon instruction from a licensed practitioner, they can administer or adjust medications. They can also provide post-discharge education to patients, make sure they are following up with appropriate health care providers and are getting their medications as well as provide them with other resources. Valley started the program in 2014 as the first of its kind in New Jersey.

f. After the March report from the State Commission of Investigation found that the owners of the CarePoint hospitals were taking millions of dollars in management fees, the Department of Health implemented weekly meetings with the CEO and CFO of the hospital system.

g. Robert Garrett, CEO of Hackensack Meridian Health, spoke at Becker's Hospital's Review's 10th annual meeting on April 4 in Chicago. Mr. Garrett called for more innovative health care delivery, greater support for medical education and new strategies to transform behavioral health care.

h. An update on the Trenton Health Team's efforts is being provided today. The Trenton Health Team was formed in 2005 as a collaboration of Capital Health System, St. Francis Medical Center, the Henry J. Austin Health Center and the Trenton Health Department. It is funded by the Nicholson Foundation to improve access to medical care in Trenton and reduce use of emergency rooms by providing more primary care.

In ratings news:

i. Fitch Ratings has upgraded approximately $429 million in bonds issued by the Authority on behalf of Inspira Health Network in 2016 and 2017 two notches from "A" to "AA-" with an outlook of stable. The ratings upgrade was highlighted in The Bond Buyer, which observed that Inspira Health Network's planned new medical center in Mullica Hill, financed largely by the Authority, is partly credited for the upgrade.

In State Health Care News:

j. The Department of Health and the Department of Human Services have announced that they will provide $6 million to fund electronic health records at 120 community-based organizations that address drug addiction. The electronic health records grants will help organizations connect with the New Jersey Health Information Network, which now connects about 6,000 physicians, 65 hospitals, 91 long-term care facilities and 3 federally qualified health centers.

k. The Rutgers Cancer Institute of New Jersey has been re-designated as the State's only comprehensive cancer center by the National Cancer Institute. The re-designation is accompanied by a $15 million grant.

l. In March, the Department of Health announced several changes designed to make it easier for licensed health care facilities to offer treatments for both mental health and substance abuse disorder as well as to make it easier to get addiction treatment from primary care providers. The State is still working on creating a single license for multiple aspects of care, which would be instrumental in further integrating the delivery of physical medical care and behavioral health care. Rutgers is also exploring better ways to integrate behavioral health care, funded by the Nicholson Foundation. Hackensack Meridian Health's merger with Carrier Clinic is also cited as furthering integration.

m. The Robert Wood Johnson Foundation released a report on April 17 entitled "Building a Culture of Health: A Policy Roadmap to Help All New Jerseyans Live Their Healthiest Lives." The report identified 13 priorities for improving the culture of health in New Jersey, including improving racial disparities in maternal and infant outcomes, expanding affordable housing, boosting enrollment in existing social service programs such as food assistance programs, and shifting to more integrated and coordinated care for behavioral health and physical health.

n. A study appearing in the journal Policy, Politics, & Nursing Practice has found that since the 2008 New Jersey law requiring hospitals and nursing homes to publicly report the number of patients per nurse, staffing ratios have increased in 10 of 13 specialty areas.

In National Health Care News:

o. Fitch Ratings is predicting nonprofit hospitals will stabilize this year despite continued headwinds and pressures on operating performance.

p. The first quarter of 2019 saw the lowest volume of hospital mergers and acquisition in almost 10 years according to a Ponder & Co. report.

q. An outside review of Memorial Sloan Kettering Cancer Center by the law firm Debevoise & Plimpton found that top officials repeatedly violated conflict of interest policies and created a culture where profits appeared to take priority over research and patient care. The results of the review were reported in a joint article by *The New York Times* and *ProPublica*.

r. Horizon Blue Cross and Blue Shield of New Jersey has established a partnership with Sanitas USA to open several primary care offices in New

Jersey. Sanitas USA is a venture capital arm of Health Care Service Corporation, which owns Blue Cross and Blue Shield's plans in Illinois, New Mexico, Oklahoma and Texas. Patients managed by the 23 Sanitas clinics in Florida had 32% lower inpatient admissions and 20% lower emergency room visits compared to similar patients insured by Blue Cross and Blue Shield of Florida.

s. Senator Chuck Grassley is urging lawmakers to re-examine the formulas for paying hospitals that provide a disproportionate share of Medicaid services in order for the program to be sustainable. Senator Grassley believes not all hospitals receiving disproportionate share payments deserve them.

t. The Health Resources & Services Administration (HRSA) of the federal Department of Health and Human Services launched a website on April 1 listing prescription drug ceiling prices for the 340B Drug Pricing Program, which provides discounted drugs to qualified hospitals in underserved communities and to federally qualified health centers. The price website was supposed to be implemented in January of 2017 but was delayed five times and is now being implemented shortly after a suit was brought by the American Hospital Association and other trade groups sued in September of 2018.

u. The American Hospital Association is urging the Centers for Medicare and Medicaid Services to pull their star ratings of hospitals until several issues have been resolved around methodologies allegedly leading to unfair disproportionately negative ratings for essential hospitals.

v. Rutgers researchers published a study in the American Journal of Cardiology indicating that heart attack patients treated in hospitals with low care scores were more likely to be readmitted for a heart attack within 30 days of discharge and within one year of discharge.

w. According to the Office of the National Coordinator for Health Information at the Department of Health and Human Services, only 8% of hospitals reported that 50% or more of their patients have activated access to their patient portals and almost two-thirds have fewer than 25% of patients who have activated access.

x. In other national health care news, articles are being provided on:

    i. Ideas from hospital leaders on reducing hospital expenses;

    ii. Digital health investment slowed in the first quarter of 2019, possibly having peaked in 2018;

iii. The 53% growth in telehealth use between 2016 and 2017 outpaced the growth of urgent care centers and retail clinics; and

iv. Americans borrowed $88 billion last year to pay for health care according to a survey from West Health and Gallup.

y. Investors from high tax states have shown increased interest in tax-exempt bonds as a result of the federal tax law that limited the exemption available for State and local taxes to $10,000 and the reduction of bonds due to the elimination of advance refundings.

z. The Bond Dealers Association provided written testimony to the House Ways and Means Committee urging them to protect tax-exemption and expand the use of private activity bonds as well as reinstate advance refundings.

i. The recent decision by the Supreme Court in Lorenzo v. SEC may have strengthened the Security and Exchange Commission's enforcement powers in the municipal bond market and broadens the scope of individuals who could be charged for violations of disclosure Rule 10b-5.

5. Authority News

Mr. Hopkins acknowledged that yesterday was Administrative Professionals Day and noted that the Authority has exceptional Administrative Professionals: our Office Management Assistant, Maria Kinney, our Administrative Assistant in the Division of Operations, Cindy Kline, our Administrative Assistant for the Divisions of Research and Project Management, Tracey Cameron and Executive Assistant and Office Manager Carole Conover. He said a big thank you all of them for their great work at the Authority.

As there was no further business, following a motion by Ms. Kralik and a second by Ms. Ford, the Members voted unanimously to adjourn the meeting at 10:46 am.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD ON APRIL 25, 2019.

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Carole A. Conover, Assistant Secretary